

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Credit Union Consortium)
5975 Castle Creek Parkway North Drive, Suite 200)
Indianapolis, Indiana 46250)

Examination of: **Credit Union Consortium**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Credit Union Consortium, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on December 31, 2020, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Credit Union Consortium shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

1/19/2021
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7017 3040 0000 9294 9759

STATE OF INDIANA) BEFORE THE INDIANA
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5975 Castle Creek Parkway North Drive, Suite 200)
Indianapolis, Indiana 46250)

Examination of: **Credit Union Consortium**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Credit Union Consortium (hereinafter “Company”) for the time period January 1, 2014 through December 31, 2018.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on April 24, 2020.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on December 31, 2020 and was received by the Company on January 6, 2021.

The Company did not file any objections.

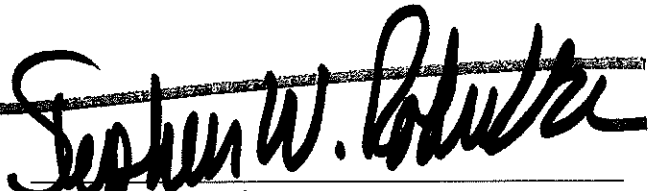
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Credit Union Consortium as of December 31, 2018.
2. That the Examiner’s Recommendations are reasonable and necessary in order for the Credit Union Consortium to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 19 day of January, 2021.



Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

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STATE OF INDIANA

Department of Insurance

REPORT OF THE LIMITED SCOPE EXAMINATION

OF

CREDIT UNION CONSORTIUM

**A MULTIPLE EMPLOYER WELFARE ARRANGEMENT
NAIC Co. Code 15942**

As of

December 31, 2018

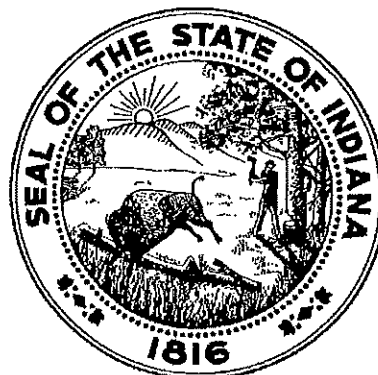


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Stephen W. Robertson, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/doi

April 24, 2020

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4035, an examination was performed of the affairs and financial condition of:

Credit Union Consortium
5975 Castle Creek Parkway N. Drive, Suite 200
Indianapolis, IN 46250

hereinafter referred to as "CUC". CUC is the settlor for CUCare Welfare Benefit Plan Trust (the Trust), a Multiple Employer Welfare Arrangement (MEWA), formed to provide health and other benefits covering all eligible employees of participating credit unions that are located in the State of Indiana. The Trust changed its name to the Credit Union Trust effective January 1, 2019

The examination was conducted in Indianapolis, Indiana at the corporate offices of CUC and also at the offices of Ingardus, LLC.

The Report of Examination, reflecting the status of the Trust as of December 31, 2018, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2413 COMPANY COMPLIANCE 317-232-3495 CONSUMER SERVICES 317-232-2395/1-800-622-4461 FINANCIAL SERVICES 317-232-2390 MEDICAL MALPRACTICE 317-232-2402 COMPANY RECORDS 317-232-5692 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

The Trust has not been previously examined by representatives of the Indiana Department of Insurance (the Department). The present limited scope examination was conducted by Ingardus, LLC (Ingardus), and covered the period from January 1, 2014 through December 31, 2018, and included all material transactions and events occurring subsequent to the examination date and noted during the course of this examination.

The limited scope examination was conducted using agreed upon procedures provided by the Department. Ingardus performed the examination of the Trust to evaluate its statutory compliance, financial condition, and identify possible prospective risks of the Trust. During the examination, Ingardus obtained certain information pertaining to the Trust, including corporate governance matters. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation of the Trust.

All accounts and activities of the Trust were considered in accordance with the limited scope examination process. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Trust's financial statements.

This limited scope examination report is consistent with Indiana Code § 27-1-3.1-10. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but were separately communicated to the Department and/or the management of the Trust.

HISTORY

The Trust was established in 2013 by the Indiana Credit Union League (ICUL) and the Trust's Board of Trustees for the purpose of providing health and other benefits covering all eligible employees of participating credit unions located in the State of Indiana. Effective January 1, 2018, the ICUL transferred its settlor powers in the Trust to the newly created CUC. Effective January 1, 2019, the CUCare Welfare Benefit Plan Trust changed its name to the Credit Union Trust.

TERRITORY AND PLAN OF OPERATION

The Trust offers group medical, dental and vision benefits to eligible employees of participating credit unions throughout the State of Indiana. The medical benefit offered is self-funded. The group dental and vision benefits are fully insured and are provided under group insurance contracts. As of December 31, 2018, the Trust had 2,325 participating employees across 89 credit unions.

GROWTH OF THE TRUST

The following exhibit summarizes the financial results of the Trust during the examination period:

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Fund Balance</u>	<u>Change in Fund Balance</u>
2018	\$16,128,573	\$2,593,294	\$13,535,279	\$2,078,028
2017	13,894,225	2,436,974	11,457,251	3,964,847
2016	10,070,122	2,577,718	7,492,404	361,181
2015	9,402,913	2,271,690	7,131,223	551,882
2014	8,494,288	1,914,947	6,579,341	6,579,341

The Trust's assets are held in qualified financial institutions. From January 1, 2014 through December 31, 2018, the Trust's Fund Balance exceeded the minimum statutory balance requirements set forth in 760 IAC 1-68-10.

MANAGEMENT AND CONTROL

Trustees

The Credit Union Consortium Agreement states that there will be a total of nine (9) Trustees elected by the participating employers to control and manage the Credit Union Consortium and the Trust. A Trustee must either be a Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, or hold a similar title with a participating credit union. Further, the Trustees must be representative of both large and small participating employers. The bylaws require that the Trustees elect the following officer positions of President, Vice President and Secretary/Treasurer.

The following is a listing of persons serving as Trustees as of December 31, 2018, and their respective participating credit union employer:

<u>Name</u>	<u>Participating Credit Union Employer</u>
Randy Glassburn	Ball State Federal Credit Union
Stephanie Baggett	Evansville Teachers Federal Credit Union
Lori Eltzroth	Beacon Credit Union
Lori Gonzalez	Members Choice Federal Credit Union
Monique Krider	Indiana Members Credit Union
Tony Melton	Via Credit Union
Paul Obermeyer	AAA Federal Credit Union
Brett Rinker	Thrive Federal Credit Union
Greg Troutner	ProFed Federal Credit Union

Trust Officers

The following is a listing of persons serving as officers of the Trust as of December 31, 2018:

<u>Name</u>	<u>Title</u>
Randy Glassburn	President
Greg Troutner	Vice President
Lori Eltzroth	Secretary/Treasurer

Board of Trustees

The Trustees manage the Trust. Their duties include overseeing the administration of the Trust, approving premium rates, engaging third party service providers and managing investments, pursuant to the provisions of the Trust Agreement. The Credit Union Consortium and the Trust do not have any employees. All operational functions that are not performed by the Trustees are outsourced to vendors.

The Indiana Credit Union League and its for-profit subsidiary the ICUL Services Corporation, perform the daily administrative tasks for the Trust and provide the Trustees with reporting of the Trust's activities. Additionally, the Trust uses a network of advisors, auditors, outside legal counsel and an outsourced actuary to provide additional oversight and advice to the Board of Trustees, in order to mitigate risk, promote transparency, and assist the Trust in achieving its goals.

CORPORATE RECORDS

Trust Agreement

The CUCare Welfare Benefit Plan Trust Agreement was effective May 1, 2013. On September 15, 2017, Ball State Federal Credit Union, Evansville Teachers Credit Union, Hoosier Hills Credit Union, Indiana Members Credit Union, and ProFed Federal Credit Union, established a consortium in order to assume the rights, duties, and obligations of the Indiana Credit Union League as Settlor of the Trust. Effective January 1, 2018, the Indiana Credit Union League transferred all rights, duties, and obligations as Settlor of the Trust to the Credit Union Consortium. Effective January 1, 2019, the Trust adopted the Credit Union Trust Agreement as Amended and Restated.

The Trust Agreement is consistent with Indiana statutory requirements and the examination noted the absence of any instances where the Trust was operating contrary to its Trust Agreement.

Bylaws

The Trust's Bylaws were adopted April 23, 2013. CUC's Bylaws were adopted December 13, 2017. There were no amendments of either set of bylaws during the examination period.

Minutes

The Board of Trustees and committee meeting minutes were reviewed for the period under examination through the fieldwork date.

CONTRACT DOCUMENTATION

Administrative Services Agreement

Effective January 1, 2018, the Trust and Anthem Insurance Companies, Inc., doing business as Anthem Blue Cross and Blue Shield (Anthem), entered into an Administrative Service Agreement whereby Anthem agreed to provide claims and administration services, including COBRA benefit services, for the Trust. The Administrative Services Agreement was amended on an annual basis during the examination period.

Plan Document and Summary Plan Description

The Trust's Plan Document and Summary Plan Description, updated annually, defines the Trust's medical insurance benefit offerings as administered by Anthem. The Summary Plan Descriptions are comprehensive documents which describe plan coverages and exclusions, claim processes, resources available, and include language concerning compliance and statutory requirements. The examination noted the absence of any instances where the Trust provided benefits were contrary to the benefits defined in the plan documents selected for review.

Dental Plan Document

Effective January 1, 2018, the Trust and Delta Dental Insurance entered into a contract to insure and administer the Trust's dental plan. The Trust's Plan Document and Summary Plan Description document included covered services with pay allowance information for participating and nonparticipating providers based on the provider's network participation.

Vision Plan Document

Effective January 1, 2018, the Trust and Anthem Insurance Company entered into a contract to insure and administer the Trust's vision plan. The Trust's Plan Document and Summary Plan Description document included covered services with pay allowance information for participating and nonparticipating providers based on the provider's network participation.

Operating Service Agreement

Effective January 1, 2018, the Trust entered into an agreement with the Indiana Credit Union League's subsidiary, ICUL Services Corporation to provide recordkeeping and other non-fiduciary administrative services required for the proper operation and management of the Trust. The Trust does not have any employees to perform such services.

Consulting Agreement

Effective January 1, 2018, the Trust entered into an agreement with LoCascio Hadden & Dennis, LLC (doing business as LHD Benefit Advisors), whereby LHD Benefit Advisors agreed to provide the following services: benefit program assessment and strategic planning, renewal and marketing activities, benchmarking, operational ongoing service, claims experience, financial analysis, member communication, open enrollment activities, and benefit administration system design and implementation.

Actuarial Services Agreement

Effective December 1, 2017, the Trust entered into an agreement with The Howard E. Nyhart Company, Incorporated to provide the required actuarial certification of the Trust's operations and funding. The actuarial report of the Trust as of December 31, 2018 was signed by Suraj Datta, ASA, MAAA and Randy Gomez, FSA, MAAA on March 28, 2019.

Legal Services Agreement

Effective March 1, 2018, the Trust entered into a Legal Services Agreement with Bose McKinney & Evans LLP to provide legal support services. As of December 31, 2018 there were no pending litigation matters identified during the examination.

Independent Audit Agreement

Effective January 14, 2019, the Trust entered into an agreement with Brady Ware & Schoenfeld to conduct the annual audit for the Trust. The independent audit report as of December 31, 2018 was issued with an unqualified opinion.

FIDELITY BOND

The Trust protects itself against loss from any fraudulent or dishonest acts through the purchase of a fidelity crime bond issued by Travelers. The bond has a policy aggregate limit of liability of \$500,000. No exceptions were noted with regard to the fidelity coverages purchased by the Trust.

REINSURANCE

Excess Loss Fund Insurance Protection

The Trust has a stop loss policy with Anthem. The coverage applies to medical and prescription drugs. For the policy period of January 1, 2018 through December 31, 2018, the specific stop loss limit was \$350,000 and the minimum aggregate stop loss limit was \$28,691,500.

ACCOUNTS AND RECORDS

The Trust's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The Trust's accounting procedures, practices, and account records were deemed satisfactory.

CUCARE WELFARE BENEFIT PLAN TRUST
Statement of Assets, Liabilities and Fund Balance
As of December 31, 2018

	Per Examination*
ASSETS	
Certificates of deposit	\$ 11,904,000
Cash-interest bearing	4,201,506
Other receivables	23,017
Prepaid expenses	50
Total Assets	\$ 16,128,573
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 30,037
Other liabilities	11,702
Claims payable	673,271
Incurred but not reported claims reserve	1,878,284
Total Liabilities	2,593,294
 Fund Balance	
Restricted reserves - supplemental contribution reserve	14,358,855
Unrestricted reserve	(823,576)
Total Fund Balance	13,535,279
 Total Liabilities and Fund Balance	 \$ 16,128,573

* In accordance with IAC 1-68-1 (12), supplemental contribution fund assets are restricted to being used solely for the payment of outstanding claims. No financial adjustments were proposed; however, some fund balance line items may have been changed for presentation purposes.

CUCARE WELFARE BENEFIT PLAN TRUST
Statement of Revenue, Expense and Change in Fund Balance
For the year ending December 31, 2018

	<u>Per Examination*</u>
REVENUE	
Net premiums	
Premiums - Employer contributions	\$ 30,062,656
Premiums - COBRA contributions	164,268
Premiums - Other contributions	2,598
Total gross premium revenue	30,229,522
Reinsurance premiums paid	(1,357,569)
Total net premiums	28,871,953
Net investment income	
Interest and dividends	266,348
Investment expenses	(1,730)
Total net investment income	264,618
Total Revenue	29,136,571
 EXPENSES	
Claims paid	23,335,080
Change in claims reserve	130,349
Dental and vision insurance premiums	1,076,707
Claims administration fees	1,397,836
Professional and other expenses	1,012,147
Taxes	106,424
Total Expenses	27,058,543
 CHANGE IN FUND BALANCE	
Net income	2,078,028
Fund balance, beginning of period	11,457,251
Fund balance, end of period	\$ 13,535,279

* No financial adjustments were proposed; however, some revenue and expense line items may have been moved for presentation purposes.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2018, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no significant issues identified as of December 31, 2018, based on the results of this examination.

SUBSEQUENT EVENTS

The Credit Union Trust Agreement was Amended and Restated effective January 1, 2019. The changes primarily related to structural changes required in order to effectuate ICUL's transfer of all rights, duties, and obligations as Settlor of the CUCare Trust to the Credit Union Consortium.

There were no other events subsequent to the examination date and prior to the completion of field work which were considered material events requiring disclosure in this Report of Examination.

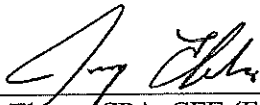
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with assistance from Ingardus, LLC, hereinafter collectively referred to as the "Examiners", performed an examination of the Credit Union Consortium, as of December 31, 2018.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures tailored for this examination by the Indiana Department of Insurance. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of Credit Union Consortium as of December 31, 2018, as determined by the undersigned.



Jerry Ehlers, CPA, CFE (Financial), AES
Examiner-in-Charge
Indiana Department of Insurance

On this 14th day of January, 2020^{21 PA}, before me personally appeared Jerry Ehlers to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: Mar. 11, 2024 Ronda Ankney
Notary Public

RONDA ANKNEY
NOTARY PUBLIC
SEAL
JOHNSON COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES MARCH 11, 2024
COMMISSION NO 678463

